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Kevin C. Johnson

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JOHN F. LETCHFORD

ARCHER & GREINER, P.C.

ONE CENENNIAL SQUARE

HADDONFIELD, NJ 08033

EXAMINER

MAGUIRE, LINDSAY M

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte KEVIN C. JOHNSON, BRENDAN P. JOHNSON, JOHN O.
RIDLEY, and JOSAPHAT A. PLATER ZYBERK

Appeal 2009-000403
Application 09/881,533
Technology Center 3600

Decided: September 14, 2009

Before HUBERT C. LORIN, ANTON W. FETTING, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants seek our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 156-176 and 178-224 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF THE DECISION

We AFFIRM-IN-PART.

THE INVENTION

The Appellants' claimed invention is directed to provide a real-time adaptive computerized tax system for assessing and determining the proper sales tax of goods and services sold in retail and wholesale establishments and over the Internet (Spec. 14). Claim 156, reproduced below, is representative of the subject matter of appeal.

156. A method of assessing point of sale taxation, said method comprising the steps of:

(a) accessing a database containing information relating to commodities identified by uniform commodities codes, said database being hosted on a computer-readable medium and having stored therein:

[1] uniform commodities code information and commodities description information corresponding to said uniform commodities code information gathered from a plurality of merchants; and

[2] tax assessment information for each of said commodities for a plurality of taxing jurisdictions, wherein said uniform commodities code information and said commodities description information are correlated with said tax assessment information;

(b) assessing appropriate sales tax for commodities sold by point of sale transactions in at least one of said taxing jurisdictions in reliance upon said uniform commodities code information, said commodities description information and said tax assessment information stored in said database, and collecting sales tax at the point of sale.
[Numbering and bracketing added.]

THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Midgely	US 5,592,611	Jan. 7, 1997
Zdepski	US 5,825,884	Oct. 20, 1998
Taricani	US 6,016,479	Jan. 18, 2000
Stiles	US 6,219,692 B1	Apr. 17, 2001
Watson	US 6,223,209 B1	Apr. 24, 2001
Wolfe	US 6,282,517 B1	Aug. 28, 2001
Burns	US 6,298,373 B1	Oct. 2, 2001
Kriegsman	US 6,370,580 B2	Apr. 9, 2002
Wilmes	US 2002/0116302 A1	Aug. 22, 2002

The following rejections are before us for review:¹

¹ The Examiner has indicated that the rejections of claims 156-170 under 35 U.S.C. § 102(b) as anticipated by Chong has been withdrawn (Ans. 13). The Appellants have indicated in the Appeal Brief that claim 177 has been cancelled (App. Br. 2) and the Examiner has indicated that the status of the claims in the Brief is correct (Ans. 2).

1. Claims 156-170 are rejected under 35 U.S.C. § 102(b) as anticipated by Taricani.
2. Claims 156-176 and 178-213 are rejected under 35 U.S.C. § 103(a) as unpatentable over Taricani.
3. Claims 156-176 and 178-224 are rejected under 35 U.S.C. § 103(a) as unpatentable over Taricani and Wilmes.

THE ISSUES

At issue is whether the Appellants have shown that the Examiner erred in making the aforementioned rejections.

With regard to the claims 156-170 rejected under 35 U.S.C. § 102(b) this issue turns on whether Taricani disclose the argued claim limitations.

With regards to the claims 156-176 and 178-213 rejected under 35 U.S.C. § 103(a) under Taricani, this issue turns on whether Taricani discloses the claimed limitations, or if it would have been obvious to modify the reference to meet the claimed limitations.

With regards to the claims 156-176 and 178-213 rejected under 35 U.S.C. § 103(a) under Taricani and Wilmes, this issue turns on whether Taricani discloses the claimed limitations and if Wilmes is a proper reference to be used in the rejection.

FINDINGS OF FACT

We find the following enumerated findings of fact (FF) are supported at least by a preponderance of the evidence:²

² See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

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FF1. Taricani has disclosed a system for recovering tax revenue (Abstract).

FF2. Taricani has disclosed that the seller maintains sales records 7 of purchases from a seller 5 and transmits the sales files 7 to a database 2A of the network computer (Col. 12:20-25).

FF3. Taricani has disclosed the use of a tax rate, for example 3%, for interstate sales in the system (Col. 12:5-7).

FF4. Taricani in column 12, lines 1-46 does not disclose the network having any specific “master database,” “client database,” “comparison of a client database with an archived database,” “modification of a client database to include updated tax assessment information from a master database,” “providing a client with a modified client database,” “accessing a master database by a client,” “comparing at least one item of uniform code information with master database,” “obtaining jurisdictional boundary information for said taxing jurisdictions” and using the information to “assess appropriate sales tax,” “obtaining latitude and longitude coordinates data for taxing jurisdictions,” and “obtaining census data associated with taxing jurisdictions.”

FF5. Wilmes is directed to a tax settlement personal communication device (Title). Wilmes has a filing date of Feb. 15, 2002, and claims the benefit of a provisional application 60/269,108 with a filing date of Feb. 15, 2001.

FF6. The Specification claims the benefit of U.S. Provisional Application No. 60/211,625 (filed Jun. 14, 2000), and 60/215,284 (filed Jun. 30, 2000) (Spec. 1). This patent application 09/881,533 was filed on Jun. 14, 2001 and has established priority benefit to the 60/211,625 and 60/215,284 applications.

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FF7. U.S. Provisional Application No. 60/211,625 provides support for determining tax status and tax rates using a zip + 4 commercial database at page 6.

FF8. U.S. Provisional Application No. 60/215,284 provides support for determining tax rates using GPS technology and latitude and longitude points at page 2.

PRINCIPLES OF LAW

Principles of Law Relating to Non-Functional Descriptive Material

The PTO need not give patentable weight to descriptive material absent a new and unobvious functional relationship between the descriptive material and the substrate. *See In re Gulack*, 703 F.2d 1381, 1386 (Fed. Cir. 1983). *See also In re Ngai*, 367 F.3d 1336, 1338 (Fed. Cir. 2004); *In re Lowry*, 32 F.3d 1579, 1583-84 (Fed. Cir. 1994). The burden of establishing the absence of a novel, nonobvious functional relationship rests with the PTO. *In re Lowry*, 32 F.3d at 1584.

Principles of Law Relating to Anticipation

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987). Analysis of whether a claim is patentable over the prior art under 35 U.S.C. § 102 begins with a determination of the scope of the claim.

Principles of Law Relating to Obviousness

Section 103 forbids issuance of a patent when “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.”

KSR Int’l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations.

Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art” *id.* at 415-16.

ANALYSIS

Rejections of Claims 156-170

The Appellants argue that the rejection of claim 156 under 35 U.S.C. § 102(b) as anticipated by Taricani is improper because Taricani fails to disclose limitations [1] and [2] as identified in claim 156 above (App. Br. 17).

In contrast the Examiner has determined that Taricani discloses the cited limitations of claim 156 (Ans. 11-12).

We agree with the Examiner. Claim 156 requires in part:

(a) *accessing a database containing information* relating to commodities identified by uniform commodities codes, *said database being hosted on a computer-readable medium and having stored therein:*

[1 “*uniform commodities code information* and *commodities description information* corresponding to said uniform commodities code information gathered from a plurality of merchants;”] and

[2 “*tax assessment information* for each of said commodities for a plurality of taxing jurisdictions, wherein said uniform commodities code information and said commodities description information are correlated with said tax assessment information[.”]

(Emphasis and quotations added).

We find the claim language relating to “uniform commodities code *information*” (emphasis added), “commodities description *information*” (emphasis added), and “tax assessment *information*” (emphasis added) to be non-functional descriptive matter since there is no unobvious functional relationship between the descriptive material and the substrate. Here the claim is directed to “*accessing a database containing information*” (emphasis added) and hosted on “*a computer-readable medium*” (emphasis added) and the particulars of the “uniform commodities code *information*” (emphasis added), “commodities description *information*” (emphasis added), and “tax assessment *information*” (emphasis added) does not create any new and unobvious functional relationship with the “*database containing information*” (emphasis added) and hosted on “*a computer-readable*

medium” (emphasis added). Taricani discloses a system for recovering tax revenue (FF1). The seller maintains sales records of purchases on a database (FF2). The sales records are considered to include product code information of some kind in order to be loaded on the database and thus the sales records would serve as “commodities code information and said commodities description information.” The system also uses a standard tax rate, for example 3%, for interstate sales (FF3) which would serve as “tax assessment information” as claimed. For these reasons the rejection of claim 156, and claims 157-170 which the Appellant has not argued separately, is sustained.

The rejection of claims 156-170 under 35 U.S.C. § 103(a) as unpatentable over Taricani alone is sustained for the same reasons above as anticipation is the epitome of obviousness. The rejection of claims 156-170 under 35 U.S.C. § 103(a) as unpatentable over Taricani and Wilmes is also sustained for the same reasons above as anticipation is the epitome of obviousness. A disclosure that anticipates under 35 U.S.C. § 102 also renders the claim unpatentable under 35 U.S.C. § 103, for anticipation is the epitome of obviousness. *See In re Pearson*, 494 F.2d 1399, 1402 (CCPA 1974); and *In re Fracalossi*, 681 F.2d 792, 794 (CCPA 1982).

Rejections of Claims 171-176 and 178-224 under Taricani

The Appellants argue that the rejection of claim 171 under 35 U.S.C. § 103(a) as unpatentable over Taricani is improper because Taricani fails to disclose limitations for items such as: 1) storing the uniform commodities code information “in a master database,” 2) “comparing a client database with an archived client database,” 3) “modifying said client database to include updated tax assessment information from said master database,” and 4) providing a client with said modified client database (App. Br. 23-24).

The Examiner has determined that the modification of Taricani to include the limitations of the claims would have been obvious to include the claimed server structure (Ans. 5). The Examiner has determined that the prior art is replete with examples of why increasing or decreasing the number of servers is desirable to make functions separable (Ans. 5-6).

We agree with the Appellants. Here claim 171 contains limitations drawn to 1) storing information “in a master database,” 2) “comparing a client database with an archived client database,” 3) “modifying said client database to include updated tax assessment information from said master database,” and 4) providing a client with said modified client database. We find that Taricani simply does not disclose these limitations (FF4). The Examiner appears to argue that modification of the number of servers used would be obvious to increase or decrease scaling and to make items separable at pages 5-6 of the Answer. The scaling of the servers and their being separable has no apparent relation to the claimed limitations for the specific claimed databases, specific modifications of the client database, or providing the client with the modified client database. The Examiner seems to remark that several other references (which are not used officially in the rejection of record) would suggest the modification of Taricani to meet the claimed invention as obvious (Ans. 5-7).³ We note that these references are not within the official rejection of record. Regardless, even if these references were considered to disclose the state of the art at the time the invention was made they do not show the modification of the Taricani

³ The Evidence Relied Upon Section of the Answer lists several additional references including Wolf, Midgley, Kriegsman, Burns, Stiles, Zpedski, and Watson which are discussed in the Answer at pages 5-7 but are not part of the official rejections of record.

reference to meet the claimed limitations to be obvious. The Examiner has failed to establish a prima face case of obviousness and provide any rationale as to why the modification of Taricani would be taken with an articulated reasoning and some rational underpinnings. For these reasons the rejection of claim 171, and dependent claims 172-176 and 178-183, under 35 U.S.C. § 103(a) as unpatentable over Taricani is not sustained.

Claim 184 contains limitations for at least “accessing said master database by a client” and “comparing said at least one item of uniform commodities code information with said master database” which is not shown by Taricani (FF4). Claim 194 contains a limitation for at least “obtaining jurisdictional boundary information for said taxing jurisdictions” and using the information to “assess appropriate sales tax” (FF4) which is not shown by Taricani. For these reasons the rejections of claims 184 and 194 under 35 U.S.C. § 103(a) as unpatentable over Taricani is not sustained for these same reasons. The rejection of the dependent claims 185-193 and 195-213 is not sustained for these same reasons.

*Rejections of Claims 171-176 and 178-224
under Taricani and Wilmes*

The Appellants argue that the rejection of claims 171-176 and 178-224 under 35 U.S.C. § 103(a) as unpatentable over Taricani and Wilmes is improper because the Appellants’ application claims priority to provisional applications with an effective filing date before the Wilmes reference (Br. 25-26, Reply Br. 2-4).

The Examiner has cited Wilmes as disclosing “postal and GPS limitations” (Ans. 7) and determined that the Appellants’ chart at pages 27-35 of the Appeal Brief does not show support these limitations for the earlier effective filing date.

We agree with the Appellants. The Examiner has only cited the Wilmes reference as disclosing “postal and GPS limitations.” U.S. Provisional Application No. 60/211,625 does provides support for determining tax status and tax rates using a zip + 4 database (FF7) which serves as “postal information.” U.S. Provisional Application No. 60/215,284 provides support for determining tax rates using GPS technology and latitude and longitude points (FF8). Thus to the extent used by the Examiner in the rejection to show “postal and GPS limitations,” the Wilmes reference is pre-dated by the provisional applications to which the application claims benefit and cannot be used as a proper reference in the rejection. Note also that the rejection of record has not asserted that Wilmes discloses using zip+5 or zip+6 technologies. For the above reasons, the rejection of claims 171-176 and 178-224 under 35 U.S.C. § 103(a) as unpatentable over Taricani and Wilmes is not sustained.

CONCLUSIONS OF LAW

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 156-170 under 35 U.S.C. § 102(b) as anticipated by Taricani.

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 156-170 under 35 U.S.C. § 103(a) as unpatentable over Taricani.

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We conclude that Appellants have shown that the Examiner erred in rejecting claims 171-176 and 178-213 under 35 U.S.C. § 103(a) as unpatentable over Taricani.

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 156-170 under 35 U.S.C. § 103(a) as unpatentable over Taricani and Wilmes.

We conclude that Appellants have shown that the Examiner erred in rejecting claims 171-176 and 178-224 under 35 U.S.C. § 103(a) as unpatentable over Taricani and Wilmes.

DECISION

The Examiner's rejection of claims 156-170 is sustained. The Examiner's rejection of claims 171-176 and 178-224 is reversed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED-IN-PART

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JOHN F. LETCHFORD
ARCHER & GREINER, P.C.
ONE CENENNIAL SQUARE
HADDONFIELD, NJ 08033